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BRAZIL AS A FIELD FOR FOREIGN INVESTMENT

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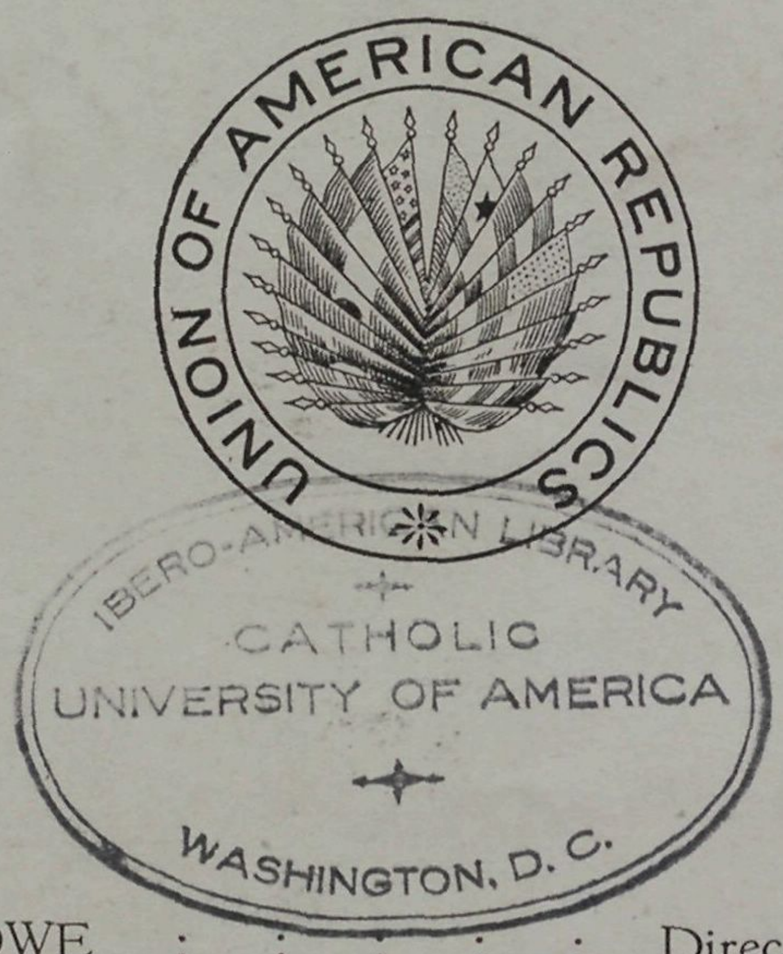

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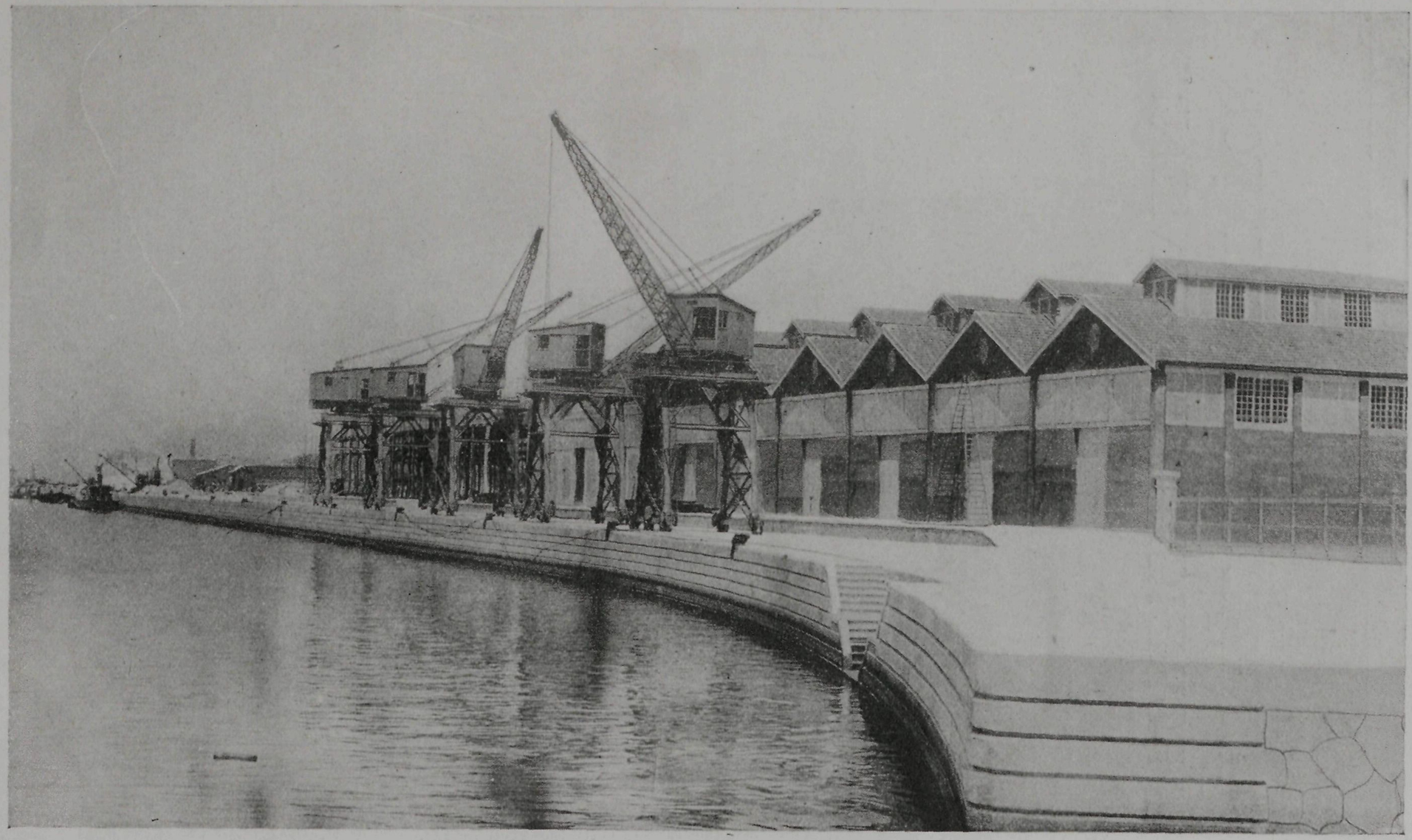

PORT WORKS OF RIO DE JANEIRO IN 1916.

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BRAZIL AS A FIELD FOR FOREIGN INVESTMENT

By Kermit Roosevelt.

THE centennial anniversary of Brazilian independence will be celebrated next autumn, and it becomes all good Americans to join in the rejoicings of the Southern Cross Republic. There are many and close ties between the Brazilians and ourselves. They have remained our friends when some of what are known as our "Yankee" characteristics have antagonized others of the South American Republics.

The Brazilian prides himself, and justly, too, upon his tolerance, and his emphasis of the personal equation. In Brazil there is complete religious liberty, and a Brazilian is ever ready to pass over the individualities and idiosyncrasies of a foreigner, while at the same time cheerfully admitting himself as the possessor of characteristics which may appear equally undesirable to the aforementioned foreigner. This genuine broadmindedness and good fellowship is most captivating. Those of us who have been fortunate enough to know such Brazilian representatives in this country as Joaquim Nabuco, da Gama, and Cochrane de Alencar will readily understand. Joaquim Nabuco was a close friend of my father, and one whom he held in warm affection and esteem, and with whom he delighted to discuss literary as well as state affairs.

Brazil entered the World War at our side and almost simultaneously; and it is fitting that there should be raised in our country a subscription to send to Rio de Janeiro a statue to commemorate the one hundredth anniversary of Brazil's independence. Mr. Charles Keck, a pupil of Augustus St. Gaudens, has designed the statue, and one of the vessels of the Kerr Steamship Lines, the company with which I am associated, is to have the honor of carrying the statue to Brazil.

All this may seem to have little to do with the subject upon which I have been asked to write—"Brazil as a field for foreign investment," but in reality, to my way of thinking, it is exceedingly germane to it, for I would not personally wish to invest in any country that was hostile to my country, and the desirability of a field for investment increases in direct ratio with the friendliness of the inhabitants of that field. If there is a feeling of hostility toward the

individuals or the native land of the backers of an enterprise it is more than apt to react seriously upon its commercial success. In no place would this be more true than in Brazil, for the Brazilians are warm friends, and are willing to evidence their friendship, even in commercial matters, when it may prove to their own pecuniary disadvantage.

Physical conditions in Brazil are more readily understandable by an American than by a European. There is no more homogeneity there than in this country; perhaps less. The differences between Florida and Maine or Arizona and New York are no greater than those between Rio Grande do Sul and Amazonas, or São Paulo and Ceará. The inhabitants of the various parts of the country are

THE "THEATRO DA PAZ," BELEM, PARÁ.

equally distinct, and a Connecticut Yankee is no more unlike a Georgian than a Mineiro is unlike a Paraense.

The first settlements in Brazil were along the coast from Pernambuco down to Santos; and originally the wealth of the country centered about Recife and Bahia. Great sugar plantations abounded, and together with cocoa and tobacco formed the principal resource. Pernambuco was coveted by other nations, and in the early seventeenth century the Dutch wrested it from the Portuguese and held it for a number of years. The Dutch fortifications are still to be seen protecting the harbor. At an earlier date the French were in possession of Rio de Janeiro and an interesting contemporary account of their settlement there may be found in Jean de Lery's narrative.

Hardy bands of adventurers soon began to penetrate further and further into the interior and before long gold and diamonds were discovered in Minas Geraes, which, as its name implies, is the great mining state in Brazil. In addition to the precious metals and stones, large quantities of iron and manganese ore have been exported from that State. The capital of many of the mining companies is English, but the United States Steel Corporation owns vast stretches of ore land.

A FINISHED BALL OF RUBBER, WEIGHING NEARLY 125 POUNDS.

The Paulistas, as the inhabitants of São Paulo are called, were explorers and adventurers par excellence. They sallied forth in groups and, as "Bandeirantes," spent years in the far interior, searching for Indians to enslave or mines to open up. When the Jesuit missions in Paraguay began to interfere with their raids, they wiped out the missions one after another. The Bandeirantes were sometimes as many as 3,000 strong, and were gone for years at a stretch. Antonio Raposo, a famous Bandeirante, eventually went straight across Brazil to Peru and the Pacific Ocean, discovering the headwaters of the Amazon on his return. Parkman could have written a most absorbing history of these adventurers; for hardi-

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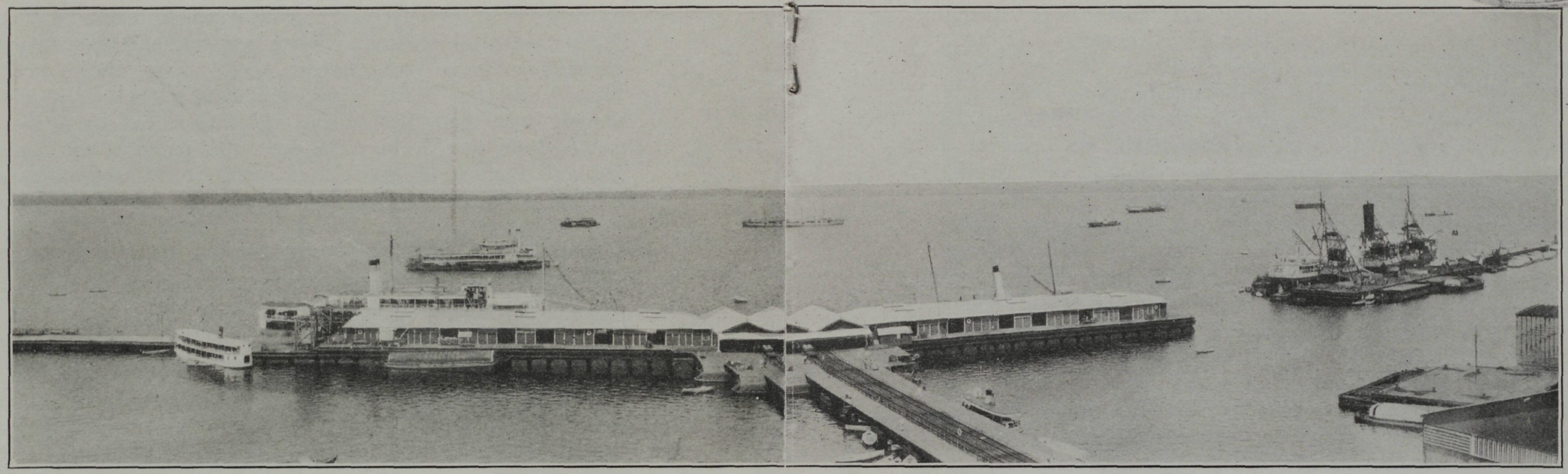


Photograph by W. J. Lavarre.

MANÁOS, STATE OF AMAZONAS.

The T-shaped floating docks which rise and fall with the river. They are joined to the land by giant hinges.

hood, daring, and resource they have not been surpassed in any age or country.

In the early days, therefore, the Paulistas were explorers and adventurers, for it was not until the first quarter of the eighteenth century that coffee was introduced into Pernambuco, and it was a century later before it had found its way south and was being cultivated in any quantity in São Paulo. To-day the State is the great coffee center of the world, and in addition is practically the industrial center of the country, with more than 350 factories in the capital city.

Brazil has so many strings to her bow that it is hard to imagine any series of events which would materially retard her growth. The development of the rubber plantations in the Straits Settlements was a heavy blow to the upper Amazon. Manáos, situated 1,000 miles from the mouth of the Amazon, in the height of the rubber boom was gay and wicked and mundane and extravagant, as no mining town of Alaska, the United States, Australia, or South Africa has ever been. Situated in the midst of the jungle, it was the greatest diamond market in the world, and the "Isle of Consciences," where everyone was supposed to leave his conscience before arriving at the city, was ever overstocked. Even to-day, although its glory has in a great measure departed, it remains a remarkable city to find so situated among the wild untamed jungle, distant from anything that may be dignified by even the title of village. Brazilian rubber can not be equaled, and the only pity is that some portion of the vast fortunes that were made during the boom days were not expended in developing the upper Amazon hinterland and diversifying her resources. The north bank of the Amazon around Obidos is potentially a very wealthy cattle country, and when it is properly stocked the price of living in Amazonas and Para should be materially reduced. It is undeniable that the Amazon region has had a serious setback, but this has had no perceptible effect on the rest of Brazil, and even the local disaster will be righted by the normal growth and development of the country.

A great deal of money is inevitably lost in developing new countries. for there are many enthusiasts who are able to persuade other potential enthusiasts that any wildcat scheme of theirs will prove a Golconda. Even a rudimentary knowledge of the country in which his money was to be invested would have saved many an investor's capital. In opening up virgin territory through such enterprises as the Madeira Mamoré Railroad the chances of loss are obviously greater than in building street railways in a thriving industrial center such as the city of São Paulo. If the investor realizes this and goes into the speculative proposition with his eyes open, all is as it should be, but it does not work out to the benefit of any country to attract capital for enterprises that have been misrepresented and misunderstood.

Americans until recently took very little interest in foreign investments, for their own country was so largely undeveloped and offered

such numberless opportunities. France and England have invested more in Brazil than have any other countries. Germany, in spite of the large and prosperous German colonies in the States of Paraná, Santa Catharina, and Rio Grande do Sul, has invested comparatively little money in the country. French capital has gone to build many of the railroads, such as the Auxiliaire in Rio Grande and the Noroeste in Matto Grosso, as well as port works and sugar plantations. English capital has built up railroads, traction companies in the different cities, coffee fazendas, and cattle ranches. As yet American capital has played but little part in the development of Brazil, although many of the railways, traction companies, and cattle ranches have been handled by Americans. Since the start of the World War a certain amount of Brazilian municipal and State financing has been done in this country, and the large packing houses of Chicago have put up plants or bought control of plants already existing. A number of American banks have opened branches in the chief Brazilian cities and they offer every facility for information to Americans who contemplate investing their money in Brazil.

I can imagine no more pleasant way of spending a vacation than in wandering about Brazil. An interesting itinerary could be followed by taking ship to Manáos, and then transferring to a river steamer for Port Antonio, which lies at the head of navigation on the Madeira River. A brief time in the rubber country and a trip out on the Madeira Mamoré Railroad—a remarkable undertaking, which, after many failures, was eventually put through by our compatriots—would delay but little the return to Pará. From Pará there run the excellent coasting steamers of the Lage Company. The engineers are Scotch and the captains usually English. They touch at many ports, and give a passenger sufficient time to wander about the colorful tropical cities that are the capitals of the smaller of the northern States of Brazil. If I were making the trip and took a particular fancy to any town I should drop off the boat, and wait for the next steamer. It is a mistake to bind one's self down to definite days and hours, for it is only in our imagination that a few days one way or the other makes any difference.

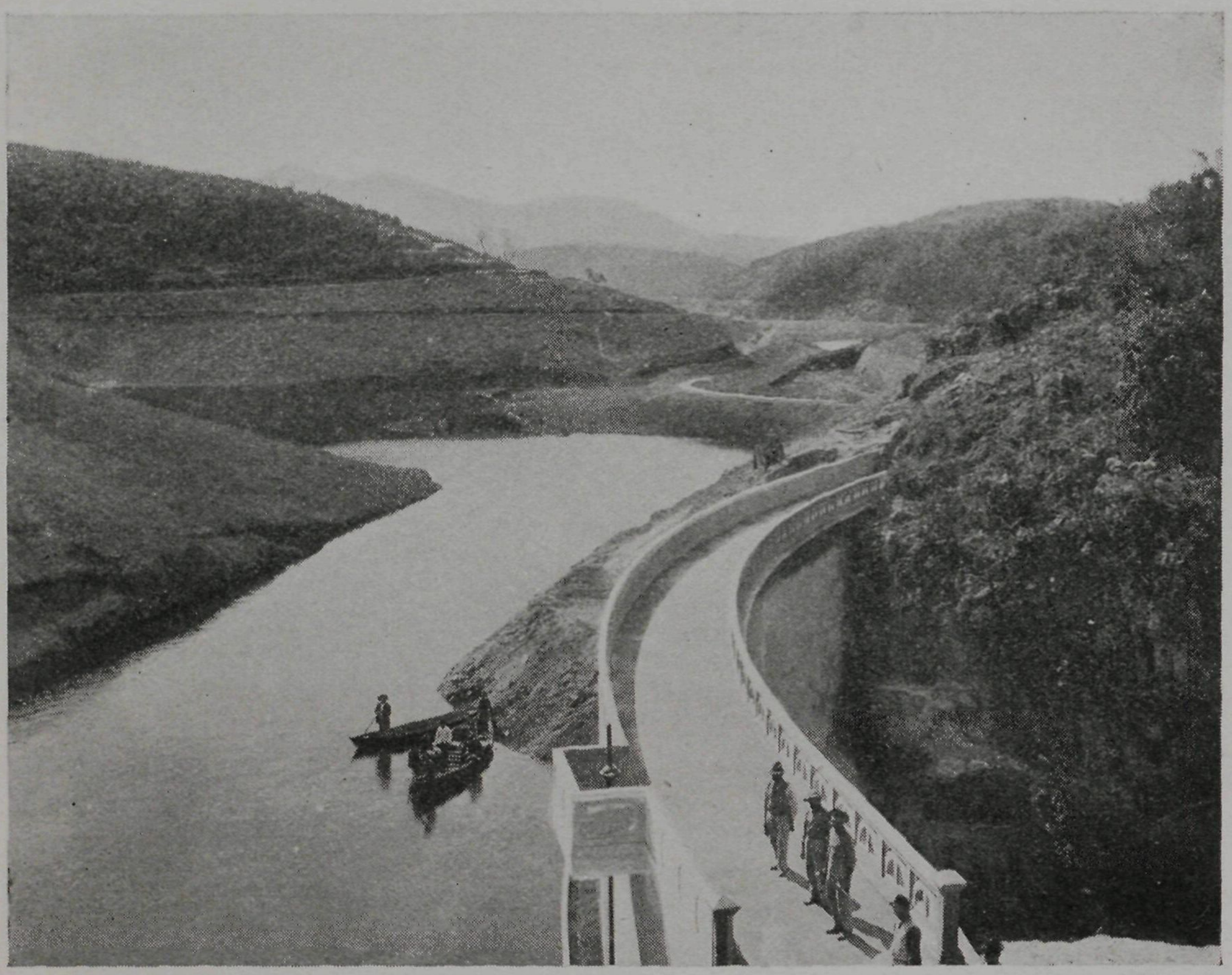
The coasting trip should be broken at Rio, and the traveler would wish to stay there as long as possible before continuing on down the coast. When he reached Rio Grande do Sul, he should return by train to São Paulo, and thence cross over on the Noroeste Railroad to Corumbá and go down the Paraguay River to Asunción and Buenos Aires. Such a trip would give one a very excellent idea of what Brazil means, and the specialist could follow his own line of study, whether it were mining, or sociology, or traction, or ethnology.

The latter study is particularly interesting in Brazil, for, although there are not so many races mingled together as in our own country,

AVENIDA EDUARDO RIBEIRO, MANÁOS.

the Indians have not died out nor been exterminated as they have here, and they form an important element in the population. Gen. Rondon, the great Brazilian explorer, who has done so much in opening up the interior wilderness of his country, boasts of a large percentage of Indian blood.

The Amazon country is largely settled by people of Portuguese descent, and there are but comparatively few negroes to be seen.



CABÚCU DAM, SÃO PAULO.

It's an ill wind that blows no one good, and the fearful droughts that laid waste the State of Ceará, destroying both man and beast, nor sparing even the wild game of the forest and field, drove many of the families that escaped to settle in the Amazon country. The backwoodsmen of Ceará—*matutos* is the Brazilian term—are a hardy lot, small wiry men, able to undergo great physical exertion, while sustained by a scanty larder.

Bahia is the center of the black belt of Brazil. It was thither that Africans were imported in greatest quantities to work on the tobacco and sugar plantations. Many travelers who touch at Bahia on one of the trans-Atlantic steamers judge by local conditions and greatly overestimate the proportion that negroes bear to the population of Brazil. The same mistake might be made by a visitor to this country

PORTO ALEGRE, CAPITAL OF RIO GRANDE DO SUL.

were he to touch only at New Orleans or Mobile. In Brazil the geographical situation is reversed, and it is in their southern States that there are fewer negroes. I have often heard it held that negroes do not thrive and indeed die out in the southern part of South America. It is said that they are unable to stand the climatic conditions. To us who have been accustomed to see negroes all over our country, even in the sections where the winters are most rigorous, this would seem an untenable theory, but the fact remains that there are practically no negroes to be seen in Buenos Aires, and yet there used to be many there during the slave days, and there is no visible reason why there should not be many there now, as anyone who has wandered about the Harlem district in New York will agree.

The country that has made the greatest numerical contribution in immigration to Brazil is Italy; and the Italian colonists have prospered, forming to-day a large percentage of the inhabitants of the city of São Paulo.

Of recent years there have been several successful Japanese colonies—one of them close to the site of an American colony which failed. The Japanese are meeting with more success, both because the attempt was better planned and the colonists are more suited to cope with existing conditions. The Americans had not been accustomed to manual labor and were without the means for purchasing slaves, whereas the Japanese have set to work to build up rice plantations, a product for which the country is suited, and in the cultivation of which they are skilled.

It is impossible in so short an article more than briefly to outline the outstanding characteristics of the Brazilian Republic, and I shall have totally failed in doing even that, if I have not impressed upon the reader my own strong belief in the happy future that lies before Brazil and the promise she holds out to those who, after a reasonable and judicious study of the situation as it applies to their own interests, determine to be partakers in her development and the rewards it will bring.

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Roosevelt, Kermit, and Pan American Union. Brazil as a Field for Foreign Investment: by Kermit Roosevelt. Govt. Prtg. Off, 1922. Brazilian and Portuguese History and Culture, https://link.gale.com/apps/doc/BQYEOL475242661/BPHC?u=yorku_main&sid=BPHC&xid=9d1d91a9. Accessed 29 Oct. 2020.